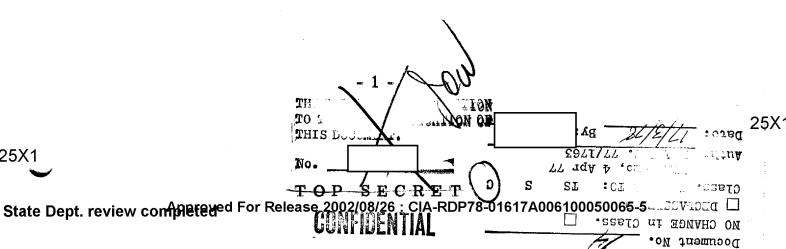
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GENERAL

1. Yugoslav reaction to US-UK-French demarche—US Ambassador Allen in Belgrade, in assessing the reaction of Yugoslav Deputy Foreign Minister Popovic to Allen's presentation of the US part of the US-UK-French demarche to Yugoslavia on the Trieste problem, expresses the opinion that Popovic appeared to appreciate the good intentions and initiative of the three governments. In response to Allen's reference to Yugoslav actions which might arouse fears that Yugoslavia intended to annex Zone B in the Trieste territory, Popovic declared that the Yugoslav authorities in Zone B "had never and would never take any step except in answer to similar Italian measures in Zone A. Popovic emphasized the "genuine desire" of the Yugoslav Government to improve relations with Italy by settlement of the Trieste "and other questions." The British Charge informed Allen that the reaction to his representations was similar to Popovic's response to Allen.

Meanwhile, US Ambassador Dunn in Rome reports that Italian Foreign Minister Sforza, after being informed of the nature of the US-UK-French demarche to Yugoslavia, "indicated some regret that our approach in Belgrade had not been a little stronger." Sforza assured Dunn, however, that the Italian Government was determined to "leave every door open" to the possibility of discussing the Trieste question with Yugoslavia. Sforza added that if Yugoslavia "trampled on the recognized rights of Italy in connection with Trieste," the Italian Government would use every means at its disposal to draw the attention of the world to the Yugoslav actions.



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2. UK views on Hong Kong airplanes -- US Ambassador Douglas in London reports that, during a discussion of a memorandum from the British Foreign Office regarding the former Chinese Nationalist aircraft at Hong Kong, a high British Foreign Office official reiterated that the matter was in the hands of the courts and reminded the US representative of the limited executive power available to the Hong Kong authorities for preventing the departure of the planes. The British official expressed the opinion that the aircraft would not leave Hong Kong before the British had time to reach a decision at the ministerial level. Douglas expresses the belief that unless there is some unforeseen solution, the controversy over the Hong Kong aircraft will be concluded in the near future in a manner "highly unsatisfactory from the US point of view." (Although the British official made no mention of reported discussions in Hong Kong which might lead to an out-ofcourt settlement, he expressed the desire of the British Government to find "any legitimate escape from its dilemma.") Meanwhile, the UK has requested the US to comment on the memorandum on the Hong Kong aircraft, particularly with respect to the effect which British acquiescence to Communist possession of the aircraft would have on Western European nations now cooperating with the US and the UK in denying aircraft and parts to the Soviet Satellites.